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May 22, 2002

MARLIN RISINGER, JR. (RETIRED)

Honorable Felix J. Boudreaux
Commissioner of Conservation
State of Louisiana
Post Office Box 94275
Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION
James Lime Formation, Reservoir A
James Formation, Reservoir D
Benson Field
DeSoto and Sabine Parishes, Louisiana
Our File No. 370306.0011

Dear Sir:

On behalf of PINNACLE OPERATING COMPANY, INC., application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the James Lime Formation, Reservoir A, and the James Formation, Reservoir D, in the Benson Field, DeSoto and Sabine Parishes, Louisiana:

1. To dissolve the drilling and production units designated as JL RA SUKK, JL RA SUTT, JL RA SUUU, JL RA SU56, JL RA SU57 and JL RA SU60, which were created by the Office of Conservation 496-D Series of Orders for the James Lime Formation, Reservoir A, in the Benson Field, DeSoto Parish, Louisiana.
2. Simultaneously with the dissolution of the abovesaid units, to create two (2) additional drilling and production units (to be designated as JAMES RD SUC and JAMES RD SUD) for the exploration for and production of gas and condensate from horizontal wells drilled to the James Formation, Reservoir D, in the Benson Field, DeSoto Parish, Louisiana, as shown on the plat attached hereto.
3. To force pool and integrate all separately owned tracts, mineral leases, and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation.

4. To designate Pinnacle Operating Company, Inc. as operator of the units to be created hereby.
5. To provide that special field spacing rules should be adopted for future horizontal wells drilled on the units created hereby which would provide: (a) that the penetration point and terminus of any lateral of any such horizontal well in the James Formation, Reservoir D, should be located no closer than 330 feet to any unit boundary; (b) that the average distance between the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the laterals are drilled shall not be less than 1,000 feet; (c) that the distance from any point along the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the laterals are drilled shall not be less than 660 feet; and (d) that there be no well spacing limitations between wells other than that accomplished by application of the aforestated provisions.
6. To provide that the gas allowable provisions of Statewide Order No. 29-F, LAC 43:XIX.2101, et seq., should not apply to any horizontal wells drilled to the James Formation, Reservoir D, but that all such wells should be given an allowable based on the maximum efficient rate (MER) of the well, being the maximum sustainable daily withdrawal rate from the reservoir which will permit economical development and reservoir depletion without causing waste.
7. Except to the extent inconsistent herewith, to provide that the provisions of Office of Conservation Order No. 496-D, effective April 1, 1980, as amended and supplemented by subsequent Orders of the 496-D Series, shall apply to the units created herein.
8. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The James Lime Formation, Reservoir A, and the James Formation, Reservoir D, in the Benson Field, DeSoto Parish, Louisiana were fully defined in Office of Conservation Order No. 496-D, effective April 1, 1980.

Pertinent data regarding this application will be available for inspection at the offices of Long Petroleum, L.L.C., 400 Texas Street, Suite 800, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. David Bencoter at (318) 221-3516, during normal business hours, or write Mr. Bencoter at the above address, in order to arrange a time and date for such inspection. Copies of such pertinent data can be obtained at the expense of the requesting party.

Commissioner of Conservation
May 22, 2002
Page 3

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Rules of Procedure) is attached and a copy of this application, with the annexed plat, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons required by the Rules of Procedure. The Applicant will also arrange for mailing, posting and publication of the legal notice of this hearing in accordance with the Rules of Procedure.

By Pre-Application Notice dated May 8, 2002, applicant advised the Commissioner of Conservation, the District Manager and all Interested Owners, Represented Parties and Interested Parties of applicant's intention to apply for the hearing which is the subject of this application. Applicant received no request for a conference, and accordingly, no conference will be held.

A check in the amount of \$700.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation, and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

By: 
Wm. Timothy Allen III

ATTORNEYS FOR PINNACLE OPERATING
COMPANY, INC.

WTAIII:cmd
Enclosures

cc: Mr. James C. Broussard, Shreveport District Manager
Office of Conservation (w/enclosures)
cc: Interested Owners, Represented Parties
and Interested Parties (w/copy of plat only)

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